

This announcement contains inside information

10 September 2019

Concurrent Technologies Plc
(the "Company" or the "Group")

Interim Results for the six months ended 30 June 2019

Concurrent Technologies Plc (AIM: CNC), a world leading specialist in the design and manufacture of high-end embedded computer boards for critical applications, announces interim results for the six months to 30 June 2019, reflecting a positive trading period with strong sales, profit before tax and investment.

Financial Highlights

- Turnover of £9.5m (H1 2018: £7.9m)
- Gross profit of £4.9m (H1 2018: £4.1m)
- Gross margin of 51.7% (H1 2018: 51.7%)
- Group operating profit of £1.6m (H1 2018: £1.1m)
- Profit before tax of £2.7m (H1 2018: £1.1m) - including other, non-recurring income of £1.0m
- EPS of 3.31 pence (H1 2018: 1.50 pence)
- Adjusted EPS on continuing activities of 2.21 pence (H1 2018: 1.50 pence)*
- Interim dividend increased to 1.05p per share (H1 2018: 0.95p)
- Cash balance (including cash deposits) at 30 June 2019 of £10.0m (H1 2018: £7.8m)

* Adjusted results are prepared to provide a more comparable indication of the Group's core business performance by removing the impact of certain items including exceptional items (material and non-recurring).

Operational Highlights

- Sales increased across all sectors, with defence still the largest individual sector, accounting for 58% of Group turnover during the period
- Increased order intake resulting in record order book

- Global customer base continues to expand with exports generating 90% of Group revenues (H1 2018: 88%)
- Investment in R&D during the period increased to £1.4m (H1 2018: £1.2m)
- Committed to further investment in UK manufacturing facility
- Two additional senior managers appointed to expand skills and experience

Michael Collins, Chairman of Concurrent Technologies Plc, commented: "The operational performance during the first half of the year has been strong with excellent sales, good cost control and successful recruitment into the senior management team."

"Whilst the turnover of the first half may not reach the same level in the second half, the increased order intake has resulted in a new record order book, the majority of which is expected to ship within the next 12 months. As such, the Board is confident that the Company will deliver a successful performance for the full financial year."

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About Concurrent Technologies Plc

Concurrent Technologies Plc develops and manufactures high-end embedded computer products for use in a wide range of high performance, long life cycle applications within the telecommunications, defence, security, telemetry, scientific and aerospace markets, including applications within extremely harsh environments. The processor products feature Intel® processors, including the latest 9th generation Intel® Core™ processors, Intel® Xeon® and Intel® Atom™ processors. The products are designed to be compliant with industry specifications and support many of today's leading embedded Operating Systems. The products are sold world-wide.

For more information on Concurrent Technologies Plc and its products please visit www.gocct.com.

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CHAIRMAN'S STATEMENT

The first half of 2019 has been a sad one for Concurrent, with the unexpected and sudden death of its MD, Glen Fawcett. Glen helped start the Company in the 1980's and worked tirelessly to build it into the vibrant and exciting company it is today. He is, and will be, greatly missed both professionally and personally.

Jane Annear was confirmed as Managing Director in May, having previously held the position of Commercial Director. Jane's appointment provides the Company with continuity and stability and she is already overseeing the introduction of new skills through the recruitment of additional senior personnel to broaden the management team.

Financial Summary

In respect of trading, the first half of 2019 has been extremely positive with strong sales, profit before tax and investment in the first six months of the year.

Revenue for the period was £9.5m (H1 2018: £7.9m), gross margin remained consistently high at 51.7% (H1 2018: 51.7%) and gross profit was £4.9m (H1 2018: £4.1m). The unaudited profit before tax (PBT) for the period was £2.7m (H1 2018: £1.1m), with associated earnings per share (EPS) of 3.31 pence (H1 2018: 1.50 pence). These PBT and EPS figures include non-recurring receipts of £1m; adjusting for this, the H1 2019 PBT of the continuing operations is £1.7m with an associated EPS of 2.21 pence.

The Group's balance sheet remains strong, with cash balances (including cash deposits) at 30 June 2019 of £10.0m (H1 2018: £7.8m). These balances have been enhanced by the proceeds of a key man insurance policy. Total equity increased to £21.5m (H1 2018: £19.1m).

Dividend

The Board has declared a first interim dividend of 1.05p per share (H1 2018: 0.95p) - an increase of 10.5%. The total cost of this dividend will amount to £763,544. The ex-dividend date for this interim dividend is 26 September 2019, the record date is 27 September 2019 and the payment date is 11 October 2019.

Review of Operations

The operational performance during the first half of the year has been strong, with excellent sales, good cost control and successful recruitment into the senior management team.

The Group has seen sales increase in all market sectors during 2019, with the defence sector remaining our largest individual market and revenue generator, accounting for 58% of all sales revenues so far in 2019. Our telecommunications revenue has also been buoyant with an increase of over a third from H1 2018. It should be noted that the Group has benefited from some non-recurring sales programmes which have boosted the half-yearly sales revenue.

Several hardware and software product announcements have been made during 2019 and the development of new products and services remains a key focus of the management team. To further drive this expanding pipeline of new products the Group invested £1.4m in R&D during the first half of the year (H1 2018: £1.2m).

A Chief Technology Officer (CTO) has been recruited with the remit to develop and widen the Group's product range by introducing new technologies, some of which are targeted for applications such as Artificial Intelligence (AI) and Deep Learning. The CTO works closely with our existing engineering teams based in the UK and overseas.

Additionally, a Director of Sales has joined the management team with responsibility for all sales outside of North America. This key appointment brings particular knowledge of software and solution sales within the Defence market sectors, building on our existing expertise of hardware products.

These new additions to the management team bring a wealth of industry experience and will help position the Company to take advantage of the opportunities in the marketplace.

The Company still awaits details of the trade and tariff regime which will apply if the UK leaves the European Union (EU). The Company has long established exporting procedures and systems in place for our sales to Asia and North America, and we expect to apply the same processes for sales into the EU if necessary. Current World Trade Organisation (WTO) rules apply a zero-tariff rating to most of the items we buy and sell and our current assessment has concluded that, while there may be limited logistical disruption following the UK's departure and some negative sentiment directed towards the UK, leaving the EU should have little lasting impact on our trading.

Future Plans

Our engineering teams will continue to develop new hardware designs based on Intel processors in addition to developing complementary products to enhance the overall capabilities and functionality of our current range. Work is also continuing on the development of AI compatible rugged solutions, for which marketing is already underway. In addition, we will continue to increase our support for firmware and software products to facilitate the use of our hardware. This strategy is expected to particularly benefit users of our VPX and MicroTCA ranges which are increasingly sold as system level solutions.

Support for our ranges of VME and CPCI product lines will continue, through long term manufacturing of established products and the development of new boards to provide suitable upgrade paths for both new and existing customers.

As part of the continual improvement to operations and manufacturing, we have ordered a new Automatic Optical Inspection machine with enhanced 3D inspection and Foreign Object Debris (FOD) detection capability and a new high speed component surface mount machine. This additional equipment will complement the upgrade to the main production line which was introduced in 2018. These new machines are expected to be installed before the end of 2019, providing improved capabilities and increased capacity, as well as further future-proofing the Group's manufacturing facilities in the UK.

Outlook

The recruitment of additional senior personnel has enhanced the management team and introduced new skills and experience which will benefit the Group going forward. Whilst the turnover of the first half may not reach the same level in the second half, the increased order intake has resulted in a new record order book, the majority of which is expected to ship within the next 12 months. As such, the Board is confident that the Company will deliver a successful performance for the full financial year.

Michael Collins
Chairman
9 September 2019

All companies and product names are trademarks of their respective organisations.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Unaudited interim results to 30 June 2019

	Note	Six months ended 30/06/19 £	Six months ended 30/06/18 £	Year ended 31/12/18 £
CONTINUING OPERATIONS				
Revenue		9,539,922	7,879,517	16,624,151
Cost of sales		4,608,129	3,802,942	7,950,636
Gross profit		4,931,793	4,076,575	8,673,515
Net operating expenses		3,313,078	3,020,677	5,788,094
Group operating profit		1,618,715	1,055,898	2,885,421
Other Income	5	1,000,000	-	-
Finance income		38,082	37,101	88,326
Profit before tax		2,656,797	1,092,999	2,973,747
Tax		248,898	3,630	5,886
Profit for the period		2,407,899	1,089,369	2,967,861
Other Comprehensive Income				
Exchange differences on translating foreign operations		16,596	244,712	43,903
Tax relating to components of other comprehensive income		-	-	-
Other Comprehensive Income for the period, net of tax		16,596	244,712	43,903
Total Comprehensive Income for the period		2,424,495	1,334,081	3,011,764
Profit for the period attributable to:				
Equity holders of the parent		2,407,899	1,089,369	2,967,861
Total Comprehensive Income attributable to:				
Equity holders of the parent		2,424,495	1,334,081	3,011,764
Earnings per share				
Basic earnings per share	4	3.31p	1.50p	4.08p

CONDENSED CONSOLIDATED BALANCE SHEET

Unaudited interim results to 30 June 2019

	As at 30/06/19 £	As at 30/06/18 £	As at 31/12/18 £
ASSETS			
Non-current assets			
Property, plant and equipment	672,988	449,860	704,969
Intangible assets	8,089,260	7,801,410	7,990,759
Deferred tax assets	140,984	178,299	120,385
	8,903,232	8,429,569	8,816,113
Current assets			
Inventories	4,913,969	3,759,675	4,096,576
Trade and other receivables	2,907,389	3,445,776	3,352,581
Current tax assets	101,621	434,576	316,428
Other financial assets	999,315	3,410,970	-
Cash and cash equivalents	9,031,044	4,434,291	7,679,352
	17,953,338	15,485,288	15,444,937
Total assets	26,856,570	23,914,857	24,261,050
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	1,457,296	1,553,918	1,448,012
Long term provisions	14,794	3,059	8,183
	1,472,090	1,556,977	1,456,195
Current liabilities			
Trade and other payables	3,827,836	3,258,958	2,802,852
Short term provisions	15,170	21,410	8,688
Current tax liabilities	14,588	25,211	-
	3,857,594	3,305,579	2,811,540
Total liabilities	5,329,684	4,862,556	4,267,735
Net assets	21,526,886	19,052,301	19,993,315
EQUITY			
Capital and reserves			
Share capital	739,000	739,000	739,000
Share premium account	3,699,105	3,699,105	3,699,105
Capital redemption reserve	256,976	256,976	256,976
Cumulative translation reserve	365,956	550,169	349,360
Profit and loss account	16,465,849	13,807,051	14,948,874
Equity attributable to equity holders of the parent	21,526,886	19,052,301	19,993,315
Total equity	21,526,886	19,052,301	19,993,315

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

Unaudited interim results to 30 June 2019

	Six months ended 30/06/19 £	Six months ended 30/06/18 £	Year ended 31/12/18 £
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Cash flows from operating activities			
Profit before tax for the period	2,656,797	1,092,999	2,973,747
Adjustments for:			
Finance income	(38,082)	(37,101)	(88,326)
Depreciation	108,085	103,174	219,455
Amortisation	909,491	756,545	1,542,749
Impairment loss	350,000	63,223	303,030
Loss on disposal of property, plant and equipment	-	-	(1,000)
Share-based payment	82,421	(77,595)	(77,595)
Exchange differences	20,619	202,262	56,016
(Increase)/decrease in inventories	(817,393)	(536,875)	(873,776)
(Increase)/decrease in trade and other receivables	445,192	(708,092)	(612,246)
Increase/(decrease) in trade and other payables	1,038,077	761,192	466,383
Cash generated from operations	4,755,207	1,619,732	3,908,437
Tax received/(paid)	(27,415)	(8,851)	(183,524)
Net cash generated from operating activities	4,727,792	1,610,881	3,724,913
Cash flows from investing activities			
Interest received	38,082	37,101	88,326
Cash released from/(placed on) deposit	(999,315)	(909,131)	2,502,281
Purchases of property, plant and equipment	(75,403)	(72,930)	(442,280)
Proceeds from sale of property, plant and equipment	-	-	1,000
Purchases of intangible assets	(1,357,983)	(1,223,668)	(2,438,917)
Net cash used in investing activities	(2,394,619)	(2,168,628)	(289,590)
Cash flows from financing activities			
Equity dividends paid	(981,698)	(945,339)	(1,636,163)
Sale of treasury shares	4,950	-	-
Net cash used in financing activities	(976,748)	(945,339)	(1,636,163)
Effects of exchange rate changes on cash and cash equivalents	(4,733)	10,674	(12,112)
Net increase/(decrease) in cash	1,351,692	(1,458,013)	1,787,048
Cash at beginning of period	7,679,352	5,892,304	5,892,304
Cash at the end of the period	9,031,044	4,434,291	7,679,352

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unaudited interim results to 30 June 2019

	Share capital	Share Premium	Capital redemption reserve	Cumulative translation reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
Balance at 1 January 2018	739,000	3,699,105	256,976	305,457	13,715,512	18,716,050
Profit for the period	-	-	-	-	1,089,369	1,089,369
Exchange differences on translating foreign operations	-	-	-	244,712	-	244,712
Total recognised comprehensive income for the period	-	-	-	244,712	1,089,369	1,334,081

Share-based payment	-	-	-	-	(77,595)	(77,595)
Deferred tax on share-based payment	-	-	-	-	25,104	25,104
Dividends paid	-	-	-	-	(945,339)	(945,339)
Sale of treasury shares	-	-	-	-	-	-
Balance at 30 June 2018	739,000	3,699,105	256,976	550,169	13,807,051	19,052,301
Profit for the period	-	-	-	-	1,878,492	1,878,492
Exchange differences on translating foreign operations	-	-	-	(200,809)	-	(200,809)
Total recognised comprehensive income for the period	-	-	-	(200,809)	1,878,492	1,677,683
Share-based payment	-	-	-	-	-	-
Deferred tax on share-based payment	-	-	-	-	(45,845)	(45,845)
Dividends paid	-	-	-	-	(690,824)	(690,824)
Sale of treasury shares	-	-	-	-	-	-
Balance at 31 December 2018	739,000	3,699,105	256,976	349,360	14,948,874	19,993,315
Profit for the period	-	-	-	-	2,407,899	2,407,899
Exchange differences on translating foreign operations	-	-	-	16,596	-	16,596
Total recognised comprehensive income for the period	-	-	-	16,596	2,407,899	2,424,495
Share-based payment	-	-	-	-	82,421	82,421
Deferred tax on share-based payment	-	-	-	-	3,403	3,403
Dividends paid	-	-	-	-	(981,698)	(981,698)
Sale of treasury shares	-	-	-	-	4,950	4,950
Balance at 30 June 2019	739,000	3,699,105	256,976	365,956	16,465,849	21,526,886

NOTES TO THE INTERIM REPORT

1. General information

The principal activity of Concurrent Technologies Plc and its subsidiaries ("the Group") is the design, development, manufacture and marketing of single board computers for system integrators and original equipment manufacturers.

Concurrent Technologies Plc ("the Company") is the Group's ultimate parent company. It is incorporated and domiciled in Great Britain. Concurrent Technologies Plc shares are listed on the Alternative Investment Market of the London Stock Exchange.

The Group's condensed consolidated interim financial statements are presented in pounds sterling (£), which is also the functional currency of the parent company.

These condensed consolidated interim financial statements, which are unaudited, have been approved for issue by the Board of Directors on 9 September, 2019.

The information relating to the six months ended 30 June 2019 and 30 June 2018 is unaudited and does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. The statutory accounts for the year ended 31 December 2018, prepared in accordance with IFRSs (International Financial Reporting Standards) as adopted by the European Union, have been reported on by the Group's auditors and delivered to the Registrar of Companies. The auditors' report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

2. Summary of significant accounting policies

2.1 Basis of preparation

These condensed consolidated interim financial statements are for the six months ended 30 June 2019. They have been prepared in accordance with IAS 34 "Interim Financial Reporting". They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2018, which have been prepared in accordance with adopted IFRSs.

The accounting policies applied and methods of computation are consistent with those of the annual financial statements for the year ended 31 December 2018, as described in those financial statements. The accounting policies have been consistently applied to all the periods presented.

There are no new IFRSs or IFRIC interpretations that are effective for the first time for the financial period beginning on or after 1 January 2019 that would be expected to have a material impact on the results or financial position of the Group.

2.2 Going Concern

The Directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing these condensed financial statements.

2.3 Taxation

Current tax expense is recognised in these condensed consolidated interim financial statements based on estimated effective tax rates for the full year.

3. Segmental reporting

The Directors consider that the Group is engaged in a single segment of business, being design, manufacture and supply of high-end embedded computer products, and that therefore the Company has only a single operating segment. The key measure of performance used by the Board to assess the Group's performance is the Group's profit before tax, as calculated under IFRS, and therefore no reconciliation is required between the measure of profit or loss used by the Board and that contained in the condensed consolidated interim financial statements.

4. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to ordinary equity holders for the period by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated adjusting the weighted average number of ordinary shares outstanding to assume conversion of all contracted dilutive potential ordinary shares. The Company only has one category of dilutive potential ordinary shares, namely share options.

The inputs to the earnings per share calculation are shown below:

	Six months ended 30/06/19 £	Six months ended 30/06/18 £	Year ended 31/12/18 £
Profit attributable to ordinary equity holders	2,407,899	1,089,369	2,967,891
	Six months ended 30/06/19 N°	Six months ended 30/06/18 N°	Year ended 31/12/18 N°
Weighted average number of ordinary shares for basic earnings per share	72,728,490	72,718,490	72,718,490
Adjustment for share options	-	2,457	2,457
Weighted average number of ordinary shares for diluted earnings per share	72,728,490	72,720,947	72,720,947

5. Other Income

Other income relates exclusively to a claim made against a key man insurance policy. The receipt during the period is a non-recurring item and represents full and final settlement of the claim.

6. Post reporting date events

There were no material events subsequent to the end of the interim reporting period that have not been reflected in these condensed interim financial statements.

7. Shareholder Communication

A copy of these condensed interim financial statements is available from the Company's Registered Office at 4 Gilbert Court, Newcomen Way, Colchester, Essex, CO4 9WN, UK and from the Company's website at www.gocct.com.

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